

Memorandum

To: Panel Members Date: September 23, 2001

From: Creighton Chan, Manager
Peter DeMauro, General Counsel File: cbankers.130agr

Subject: Final Agreement for **California Bankers Association**
(www.calbankers.com)

CONTRACTOR:

- Multiple Employer: Employer Consortium
- Training Project Profile: SET-Workers Earning at Least State Avg Hrly Wage
SET-Workers Working in Industries With Demonstrated
Career Ladders
- Legislative Priorities: Career Ladders
- Type of Industry: Finance and Insurance
- Repeat Contractor: Yes
- Union Representation: No
- Name and Local Number of Union
representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$462,280
- Substantial Contribution: \$0
- Multiple Employer Support (8%) \$32,004
- Total ETP Funding: \$494,284
- In-Kind Contribution: \$891,125
- Maximum Contractor Charge: \$125 per trainee
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide
- Duration of Agreement: 24 months

TRAINING PLAN:

- | | | |
|--|-------------------|------------------|
| • Average Cost Trainee: | New Hire: \$0 | Retrainee: \$556 |
| • Type(s) of Training: | Business Skills | |
| • Number to be retained: | New Hire: 0 | Retrainee: 889 |
| • Range of hours: | 40 | |
| • Prevalent hourly wage: | \$11.00 | |
| • Range of hourly wages: | \$8.38 to \$40.00 | |
| • Health benefits used to meet ETP minimum wage: | No | |

SUBCONTRACTORS:

Access to HR, Irvine, California, \$395,427, for Business Skills training and a portion of the project administration.

THIRD PARTY SERVICES:

Steve Duscha Advisories for a flat fee of \$5,000 to assist in the development of the application.

NARRATIVE:

This Special Employment Training (SET) project represents a joint development effort between ETP and the Employment Development Department (EDD), as described under ETP Regulation 4409, Sections (a) and (a)(5). This bifurcated project involves retraining banking staff who will be enrolled either under a California Career Ladders to the 21st Century course group or under a SET frontline worker course group. Although the career mobility that is the goal of this career ladders training is not necessarily vertical but also includes lateral mobility, EDD supports this career ladders project to train employees in the banking industry.

Established in 1891, the California Bankers Association (CBA) is the primary trade group representing 90% of California's commercial banks and industrial loan companies, thrifts, and savings institutions. The prospective Contractor states that this proposal was developed based upon the demand of its members for additional training.

Besides offering retraining to SET-eligible frontline workers, the Association is proposing a Career Ladders training program predicated on six factors: (1) the entry of new types of institutions into the financial marketplace; (2) new technology; (3) the capabilities of the Internet; (4) industry consolidation; (5) labor shortages, and (6) generally heightened levels of competition. The prospective Contractor states

NARRATIVE: (continued)

that success of participating employers in meeting these challenges will positively affect the state economy and the number of California jobs in the banking industry. The Contractor states that many of its members have few employees with the skills needed to progress to higher-level, higher paying jobs, but that, concomitantly, these same employers lack the resources to launch comprehensive retraining.

In response to the problem, CBA plans to offer training for two classifications of banking employees: first, to entry- and mid-level tellers, clerks, and others in administrative, operations, and lending occupations, including some managerial and supervisory staff. These Group I trainees, to be enrolled in the SET career ladders program, will have an opportunity to receive systematic training in banking principles, theory and practice of customer service, and in change management, all features of the financial industry's 21st Century work place. All Group II employees will be SET frontline workers earning at least \$19.34/ hour. Both groups will be offered the same menu curriculum (see Attachment), and receive 40 hours of classroom instruction in business skills, tailored to each person's banking function.

As to the Career Ladders category, all trainees will have the opportunity to advance from lower to higher-paid positions when there are job openings. There are no assurances that job openings will materialize for the trainees, since, according to the Contractor, these promotional job opportunities seldom can be anticipated. Lateral job movement will also occur from within one job category to another. Key to advancement, CBA states, is training in basic banking principles, basic customer service and sales skills, and basic supervisory and leadership skills. The menu curriculum topics are the result of direct employer feedback as well as trainee assessments conducted by California Banking Association staff. The Contractor adds that it will report to ETP the short-term impacts of its training program by evaluating employment, wage, and promotion data, and that it will cooperate with ETP and EDD in evaluating the impacts of longer-term training.

Supplemental Nature of Training

The Contractor states that the customized and comprehensive ETP menu curriculum offered would be the first of its kind in the industry because previously employees have been trained in short seminars and one or two day courses. The proposed training differs in structure and depth from what has been available previously from this Contractor.

In-Kind Contribution

The in-kind contribution totals \$891,125, which represents all the wages and benefits paid by participating employers (\$780,000) to trainees during training in addition to cash contributions from the employers totaling \$111,125 (or \$125 per trainee to be enrolled).

COMMENTS:

The Proposed Agreement was approved at the August 23, 2001 Panel meeting. The training plan and Agreement amount remain unchanged. The amount of allowable support costs is \$32,004; the amount of allowable administration costs is \$60,296.

COMMENTS: (continued)

Pursuant to discussion at the last Panel meeting, language has been added to the Agreement stipulating that the Contractor will submit to ETP at six month intervals, and with the fiscal closeout documents, written reports that will describe the benefits of training with respect to the Career Ladders section of the contract. The reports will include, but not be limited to the following:

1. Qualitative data including a description of: (a) the methodology for and success in recruiting Career Ladder trainees; (b) the level of trainee skills at the outset of training and the trainees' ability to transition to the workplace; (c) the challenges in the provision of the training; and (e) the benefits of the training to the company.
2. Quantitative data including: (a) the total number of Career Ladder trainee who were screened for training; (b) the total who began training; (c) the total number of trainees who were dropped from the training and the reasons for dropping out prior to the completion of training; (d) the wages of trainees entering the program; (e) the wages of trainees upon completion of the 90-day retention period; and (f) the occupations of trainees upon enrollment and those of trainees at the end of the retention period.

Also, pursuant to Title 22, California Code of Regulations, Section 4409(a) (5) (A), the Panel waived the ETP minimum wage requirement for Career Ladder trainees. The Contractor was granted a waiver to allow wages for some career ladder trainees to earn \$8.38 per hour rather than the ETP minimum hourly wage of \$10.58.

PROPOSED ACTION:

Staff recommends that the Panel approve this Final Agreement if funding is available and the project meets Panel priorities. This recommendation is based on the Contractor's stated need for each participating employer to provide its employees with the skills needed to advance within the banking industry, and to help assure the participating employers' ability to remain competitive in California.

Contractor: California Bankers Association

Chart 1, Summary Page

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Exhibit A

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										

SET Career Ladders:													
Administrative,													
Operations, Lending,													
1	Managers, Supervisors	Multiple-Employer											\$8.38/hr. -
683		Retrainees	600	40			\$556		8	\$ 139.00	\$ 278.00	\$ -	\$ 139.00 \$19.24/hr.
		Business Skills		40									
SET Frontline Workers:													
Administrative,													
Operations, Lending,													
2	Managers, Supervisors	Multiple-Employer											\$19.24/hr. -
683		Retrainees	289	40			\$556		8	\$ 139.00	\$ 278.00	\$ -	\$ 139.00 \$40.00/hr.
		Business Skills		40									

Program Cost		\$462,280	Total to be Retained	889
Substantial Contribution	(-)	\$0		
Multiple-Empl. Support (8%)	(+)	\$32,004		
Total ETP Funding	(=)	\$494,284		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Contractor: California Bankers Association

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
20% *	N/A		No		

Location of training:

institution. Training sites will be located throughout California.

Ratios:

The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

Other notes:

* Turnover rate: No participating employer shall enroll staff under this Agreement if the turnover rate for each financial institution exceeded 20 percent during the preceding calendar year.

(d) Wages by occupation after retention:

<u>Occupations</u>	<u>Wage Range</u>
Administrative	\$8.38-\$33.14
Operations	\$8.38-\$15.28
Lending	\$8.38-\$38.00
Managers, Supervisors	\$13.57-\$40.00